ORAL ANSWERS TO QUESTIONS

Clearances to FDI proposals

*41. SHRI GIREESH KUMAR SANGHI: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Finance Ministry has given its clearance to 32 FDI proposals worth Rs. 846 crores;

(b) if so, whether a decision of 3 media companies proposal has been deferred; and

(c) if so, what are other proposals pending with Government and by what time all proposals of FDI will be cleared and to what extent it will help to meet financial crisis?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) Yes, Sir. The Government of India approved 32 proposals of Foreign Direct Investment (FDI) amounting to approximately Rs. 845.7 crores based on the recommendations of Foreign Investment Promotion Board (FIPB) in its meeting held on November 18, 2008.

(b) Yes, Sir. The proposals of (i) M/s. Lokmat Newspapers Pvt. Ltd., Mumbai; (ii) M/s Prithvi Prakashan Pvt. Ltd., Mumbai; and (iii) M/s Dow Jones and Company Inc., USA were deferred in the meeting of FIPB on November 18, 2008. Subsequently M/s Lokmat Newspapers Pvt. Ltd., and M/s Prithvi Prakashan Pvt. Ltd., withdrew their proposals. The proposal of M/s Dow Jones and Company Inc., USA has been approved by the Foreign Investment Promotion Board (FIPB) in its meeting held on 9-1-2009.

(c) Up to 31-1-2009, there are 49 proposals with the FIPB where requisite information from the concerned Ministries of the respective company has to be received.

SHRI GIREESH KUMAR SANGHI: Sir, the reply given by the hon. Minister does not answer all the questions that I have raised. Part (c) of my question was, to what extent the proposals would help meet the financial crisis. That has not been replied to. How much time it would take to clear the proposals has also not been said. Furthermore, I would like to ask the hon. Minister, through you, Sir, how much has the FDI shortfall been this year due to the global financial crisis and what is the Government trying to do to overcome this and attract more funds flow into the country?

MR. CHAIRMAN: Is that one question or two?

SHRI GIREESH KUMAR SANGHI: Sir, it is one question, relating to FDI. What is the Government trying to do to attract more funds flow into the country, particularly into the area of industries where more employment is generated, and the core industry?

SHRI ASHWANI KUMAR: Sir, the question asked by the hon. Member has been answered in full. He has asked to what extent FDI would ease out the pressure of the economic situation. We have said that as on 31st January, 49 proposals are still pending with FIPB for want of requisite information. As and when the information is received, these would be taken up and depending upon to what the extent or nature of the proposals are, what is the value and volume of investment that is to come in, we will take a view on that.

Sir, the other question that was asked was what are we doing to attract FDI in the country. It is a much larger question and I have no difficulty in answering that. All the steps that have been taken so far are intended to make India as an investment-friendly destination and a series of measures have been taken. Despite the global economic slowdown, we are happy to inform the hon. House that India still hopes to go by about 7 per cent in GDP terms in 2008-09. So, I think that there is the reality of a global economic slowdown. But the FDI constitutes a very small fraction in what we need to do. But even so, our attempt or endeavour is to make India as an investment-friendly destination.

SHRI GIREESH KUMAR SANGHI: Sir, the FDI which has already come into the country has been getting withdrawn time and again because of the meltdown all over the world. Is there any proposal or new scheme or new incentive that the Government is proposing to see that whatever FDI comes into the country gets retained and re-invested in the country?

SHRI ASHWANI KUMAR: Sir, I am happy to inform the House that when this Government came to office in 2004 the investment in terms of FDI was about 2.5 billion dollars. This year, despite the global economic slowdown, we hope to receive about 30 billion dollars in terms of FDI. Despite all that is happening in the world, India still offers the best destination in terms of return on FDI. This is an economy that is still growing at about 7 per cent per annum; this is still an economy where it is widely perceived that we have reasonable rates of return on investment and that has been possible because of a series of calibrated measures that have been taken in the last four years to liberalise the FDI regime. There is no restriction on manufacturing. Even 100 per cent FDI can be brought into manufacturing except for seven or eight stated exceptions. In addition to that, in a whole range of sectors in the economic spheres, we have increased the FDI caps and raised them to 49 per cent to 51 per cent to 74 per cent depending upon the sensitivity of the sectors involved. So, on the whole, the Government has done exceedingly well on this front, and I would like to assure the hon. Member and other hon. Members of the House that on this score India continues to be the most favourable investment destination. Sir, A.T. Kearney has stated that, UNCTAD Report has stated that, McKinsey Report has stated that and all the reports of international standards have confirmed that India continues to be a favourable investment destination.

SHRI GIREESH KUMAR SANGHI: Sir, my question is not answered properly.... *(Interruptions)*... What is the time-frame to clear the pending proposals?...*(Interruptions)*...

MR. CHAIRMAN: Reply has been given. If you have a problem with the reply, please raise it through appropriate procedures. Now, Shri Moinul Hassan.

SHRI MOINUL HASSAN: I would like to put my question through you to the hon. Minister. Is it a fact that the Government has taken a step in libralising Foreign Direct Investment Guidelines recently and the sectoral cap on FDI has been nullified by excluding investment by companies owned or controlled by Indians having substantial foreign capital? By this redefinition, if it has happened, FDI can be routed through Indian companies..*(Interruptions)*..

MR. CHAIRMAN: Please ask the question.

SHRI MOINUL HASSAN: Indian companies are not to be classified as FDI. My question is: If it is so, why is the Government bypassing this Parliament? Is it not a fact that the Government has taken a decision by a backdoor policy to remove that cap on FDI in different sectors?

SHRI ASHWANI KUMAR: Sir, the policy on FDI is constantly in a state of review from time to time. We take a measured view on what is required to be done in the light of the experiences of the past. I would, at the threshold, like to allay the apprehensions of the hon. Member that there is no question of any backdoor dilution of the sectoral caps. The only thing, that has been introduced in Press Note-2 of 2009, is that we have categorically and consciously taken a view, and we have so stated, that investments by a domestic company defined under the Indian Companies Act to mean where Indian residents own more than 51 per cent in terms of ownership and control shall not be treated as investment by foreign companies...

SHRI MOINUL HASSAN: This is the backdoor policy.

SHRI ASHWANI KUMAR: I am answering. ...irrespective of whether a small percentage of foreign equity is in the Indian company, and I will tell learned hon. Member the reason for that. The reason is that what had happened in the past was that domestic companies were foreclosed from participating in mega investment projects on this ground. So, we took a view that underlying purpose of sectoral caps was that in certain sectors, the control of the company must always remain in Indian hands. We have assured that the control of the companies will always remain in Indian hands because 51 per cent Indian ownership leads to control being in Indian hands in terms of right to appoint Directors and to ensure the management of the company remains in Indian hands. So, the substance, spirit and letter of policy have been preserved. We have only ensured that domestic companies are not unreasonably foreclosed from participating in the economic activities in the country.

DR. K. MALAISAMY: Sir, the hon. Minister seems to be well informed. Can I ask a free frank opinion of the hon. Minister?

MR. CHAIRMAN: Opinion in the House is free and frank.

DR. K. MALAISAMY: The global meltdown has done enough damage not only to the global economy but also to the Indian economy. In such a situation, I am inclined to ask whether the impact or effect of the global meltdown in Indian economy is substantial or marginal. Whatever may be, can you give an assurance that our Indian economy will not be affected; if at all, that will be only marginal?

SHRI ASHWANI KUMAR: Sir, although this does not arise from the question, yet I have no hesitation in giving an honest answer to the hon. Member's question. Sir, in a global economy, for any country to say that its economy is totally insulated from what happens abroad, is fallacious; it is wrong. I have no hesitation in accepting, as has been done by hon. Finance Minister, and earlier by Mr. Chidambaram, that we are not totally insulated. We are impacted by global economic slowdown, but thankfully for us, since the Indian economy is essentially driven by domestic consumption and demand, we are relatively less negatively impacted by global economic slowdown, and that is proved by the fact that whereas there is contraction in the economies of developed countries, India will still register a handsome growth of about 7 per cent. Therefore, I would like to assure hon. Member that we are less negatively impacted and we are responding as purposively and with utmost expedition as possible to respond to the global economic slowdown.

PROF. P.J. KURIEN: Sir, hon. Minister's answer mentions that a proposal from Ms. Dow Jones and Company Inc., U.S.A., has been approved by Foreign Investment and Promotion Board. That means, the Government of India has accepted FDI in media. But, my concern is that when there is foreign investment in the media, will it not have undesirable influence on our media which would be detrimental to our cultural ethos? Is the Government considering that aspect? If so, I would only like to know what precautions you are going to take.

SHRI ASHWANI KUMAR: Sir, the hon. Member has asked a pertinent question, and I would like, once again, to allay his apprehensions. What has now been done, Sir, is to permit 100 per cent FDI only in facsimile reproductions of foreign newspapers which are not supposed to be publishing Indian news or content. The sectoral equity cap of 26 per cent remains intact, as far as the participation of foreign print media in the news and current affairs activities is concerned. So, there is absolutely no cause to apprehend that foreign ideas would either influence the culture, society or politics of our country.

भवन और अन्य सन्निर्माण कर्मकार अधिनियम का कार्यान्वयन

*42. **श्री राज मोहिन्दर सिंह मजीठा**† †
श्री राम जेठमलानी:

क्या **श्रम और रोजगार मंत्री** यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि भवन और अन्य सन्निर्माण कर्मकार (नियोजन तथा सेवा-शर्त विनियमन) अधिनियम, 1996 लगभग 12 वर्ष पूर्व देश में लागू हुआ था;

---

††सभा में यह प्रश्न श्री राज मोहिन्दर सिंह मजीठा द्वारा पूछा गया।